

AMENDED IN ASSEMBLY AUGUST 20, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

Assembly Concurrent Resolution

No. 73

Introduced by Assembly Member Roger Hernández
(Principal coauthor: Assembly Member Mansoor)
(Coauthor: Assembly Member Buchanan)

August 5, 2013

Assembly Concurrent Resolution No. 73—Relative to the
Glass-Steagall Act.

LEGISLATIVE COUNSEL’S DIGEST

ACR 73, as amended, Roger Hernández. The Glass-Steagall Act.

This measure would urge the President and the Congress of the United States to enact federal legislation to protect the public interest by reviving the separation between commercial banking and speculative activity embodied in the Glass-Steagall Act.

Fiscal committee: no.

1 WHEREAS, An effective monetary and banking system is
2 essential to the proper functioning of the economy; and
3 WHEREAS, In order to be effective, a monetary and banking
4 system must serve the public interest; and
5 WHEREAS, The federal Banking Act of 1933, commonly
6 referred to as the Glass-Steagall Act, contained key provisions that
7 served the public interest by prohibiting commercial banks from
8 engaging in the kinds of investment banking and speculative
9 activity that contributed to the collapse of the banking system
10 during the Great Depression; and

1 WHEREAS, In 1999, Congress repealed these key provisions
2 of the Glass-Steagall Act, allowing commercial banks to engage
3 in speculative activity once more; and

4 WHEREAS, The resulting commercial bank involvement in
5 speculative activity worked against the public interest by placing
6 the commercial banks themselves in financial jeopardy and
7 contributing to the Great Recession; and

8 WHEREAS, Although, in 2010, Congress passed the
9 Dodd-Frank Wall Street Reform and Consumer Protection Act to
10 address the root causes of the recession, that act does not provide
11 the same level of protection from speculative activity in the
12 financial markets as the provisions of the Glass-Steagall Act did;
13 and

14 WHEREAS, The public interest will continue to be at risk until
15 commercial banks are prohibited from engaging in speculative
16 activity again; and

17 WHEREAS, In the current Congress, Congresswoman Marcy
18 Kaptur (D-Ohio) and Congressman Walter Jones (R-North
19 Carolina) have introduced H.R. 129, and Senator Tom Harkin
20 (D-Iowa) has introduced S. 985, known as the Return to Prudent
21 Banking Act of 2013, to revive the separation between commercial
22 banking and speculative activity embodied in the repealed
23 provisions of the Glass-Steagall Act; *and Act. Furthermore, Senator*
24 *Elizabeth Warren (D-Massachusetts) has introduced S. 1282,*
25 *known as the 21st Century Glass-Steagall Act of 2013, along with*
26 *Senators John McCain (R-Arizona), Maria Cantwell*
27 *(D-Washington), Angus King (I-Maine), Barbara Boxer*
28 *(D-California), Barbara Mikulski (D-Maryland), Tammy Baldwin*
29 *(D-Wisconsin), Edward J. Markey (D-Massachusetts), and Sheldon*
30 *Whitehouse (D-Rhode Island), to reduce risks to the financial*
31 *system by limiting the ability of banks to engage in certain risky*
32 *activities and limiting conflicts of interest, as well as to reinstate*
33 *certain Glass-Steagall Act protections that were replaced by the*
34 *Gramm-Leach-Bliley Act; and*

35 WHEREAS, The Return to Prudent Banking Act of 2013
36 received support from diverse, and sometimes opposing groups
37 and individuals, including, but not limited to, all of the following:
38 the AFL-CIO; the American Federation of Teachers; the
39 International Association of Machinists; Thomas Hoenig, Vice
40 Chair of the FDIC; David Stockman, former Chair of the Office

1 of Management and Budget under Ronald Reagan;—economists
2 ~~economist Luigi Zingales and Lyndon LaRouche; Zingales; Robert~~
3 ~~Reich, former Labor Secretary under Bill Clinton; Stanford Sanford~~
4 Weill, former CEO of Citibank and leader of the effort to repeal
5 the Glass-Steagall Act in 1999; and various state legislatures, more
6 than 20 of which have filed resolutions urging Congress to restore
7 the Glass-Steagall Act; now, therefore, be it

8 *Resolved by the Assembly of the State of California, the Senate*
9 *thereof concurring,* That the Legislature urges the President and
10 the Congress of the United States to enact federal legislation to
11 protect the public interest by reviving the separation between
12 commercial banking and speculative activity embodied in the
13 Glass-Steagall Act; and be it further

14 *Resolved,* That the Chief Clerk of the Assembly transmit copies
15 of this resolution to the President and Vice President of the United
16 States, to the Speaker of the House of Representatives, to the
17 Majority Leader of the Senate, to each member of California's
18 delegation to Congress, and to the author for appropriate
19 distribution.